

EFFECT OF EXECUTIVE PERKS ON DIVIDEND PAYOUT POLICY OF SELECTED QUOTED FIRMS IN NIGERIA

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ABSTRACT

This study evaluates the effect of executive perks on dividend payout policy among selected firms in Nigeria between 2015 and 2019. Four objectives and hypotheses guided the study. Social perks, health/safety perks, bonus perks and loan perks were used as measure of perks, while dividend pay-out policy was proxied with cash dividend paid out. Ex-post facto design was adopted, and the panel data used were collected from the financial reports of the selected firms in Nigeria. Data collected was analysed using descriptive statistics such as mean and standard deviation and inferential statistics such as correlation and regression analysis. study used panel regression analysis. The study found that perks has 50.8% effect on dividend payout policy. The study also found that health/safety perks, and loan perks have negative insignificant effect on dividend payout of selected firms in Nigeria. Social perks and Bonus perks have significant effect on dividend payout of selected firms in Nigeria. The study recommended among others that management should formulate a performance- based perk policy which will ensure that there is a balance between employees' motivation, perk related costs, performance, and dividend pay-out.

Keywords: Executive Perks, dividend, Dividend policy, Performance, Quoted firms.

1.1 Introduction

It is an unquestionable fact that dividend payment is a means of distributing wealth to shareholders from the profit made over a period of time. Interestingly, the dividend policy has remained one of the most pertinent financial policies not only from the point of view of the company, but also from that of the stakeholders as it decides when and what flows to investors. Dividend policy is one of the most extensively discussed and controversial constructs in modern corporate finance literature and is still a mystery (Zameer, Rasool, Iqbal, & Arshad, 2013). The dividend strategy according to Allen, Brealey and Myers (2012) falls among the top 10 unaddressed corporate finance literature concerns. Constant payout policy, progressive policy, residual policy, zero policy and non-cash policy can be a company's dividend policy (Myers & Morcus 1999). However, there is a possibility that dividend payouts are a result of the company's current success regardless of the strategy adopted.

Perks are assistances that employees enjoy from the firm. Perks may be a major form of compensation for employees (Pattarin & Ilan & Tianyu, 2009). Perks may be monetary and non-monetary; they thoroughly enhance managerial utility and can thus act as a possible reward for reducing managerial opportunistic behaviors. They offer managers powerful motivation to work hard so as to achieve the goal of optimizing shareholders capital (Amess & Drake 2003). Bryant and Davis (2012) argued that the agency problems can be controlled by giving of incentives to managers, as agents to act in line with the interests of the company. Bloom (2005) believed that owners grant perks if those perks have a strong positive effect and can enhance

firms' values and the manager's talent strongly. Chen and Chen (2010) argued that because of the tax consequences of perks, most companies primarily follow the use of rewards to drive their agents to better results. Typically, benefits are tax-free and are thus related to lower marginal tax rates for both businesses and workers, making perks an appealing option.

There is a perception, however that the company's success ultimately depends on the manager whose motivation (pay package and incentives) is a significant factor in achieving better performance. The statement that executive benefits have a favorable or negative impact on organizations' dividend payouts is yet to be deduced. However, there are countless opinions as to the effect of perks on the dividend payout ratio of organizations, some believe that Perks reduce owner's wealth and therefore has a negative relationship with dividend payout while some others believe that perks are tool to enhance the performance of managers and consequently increase owner's wealth (Ames & Drake, 2012, De-Wet, 2013, Allen, Brealey & Myers, 2013). It is important to note that if perks can be used to improve productivity, then there could be a positive relationship between perks and the level of dividend payout. Nevertheless, there seems to be paucity of empirical research on the extent to which perks influence the dividend payout of firms in developing countries like Nigeria. It is against this background, the research carried out this study on the effect of executive perks on the dividend payout policy of quoted selected firms in Nigeria so as to guide objective remedial actions by relevant stakeholders.

1.2 Objectives of the study

The main objective of this study was to evaluate the effect of executive perks on the dividend payout policy of quoted selected firms in Nigeria. Specifically, the study sought to:

1. evaluate the extent to which social perks affect the dividend payout policy of quoted selected firms in Nigeria.
2. ascertain the extent to which employee health and safety perks affect the dividend payout policy of quoted selected firms in Nigeria.
3. determine the extent to which bonus perks affect the dividend payout policy of quoted selected firms in Nigeria.
4. evaluate the extent to which staff loans perks affects the dividend payout policy of quoted selected firms in Nigeria.

1.3 Research Hypotheses

In view of the above, the following null hypotheses were formulated and test at 0.05 level of significance:

H01 Social perks have no significant effect on the dividend payout policy of quoted selected firms in Nigeria.

H02 Employee's health/safety perks do not have significant effect on the dividend payout policy of quoted selected firms in Nigeria.

H03 Bonus perks do not have significant effect on the dividend payout policy of quoted selected firms in Nigeria.

H04 Staff loan perks do not have significant effect on the dividend payout policy of quoted selected firms in Nigeria.

Review of Related Literature

2.1 Conceptual Framework

2.1.1 Executive perks

The term executive perks simply refers to the financial compensations and other non-financial rewards received by executives of a company in view of their services to the organizations. It is typically a mixture of bonuses, shares of or call options on the company stocks configured to take into account government regulations, tax law, the desires of the organization and the executive, and rewards for performance. Basweti and Nyagoa (2014) opined that perks are compensations given to top executives for them to supply a proper work effort. The authors further noted that perks such as meals, entertainment and travelling allowances helps companies build useful connections with governmental officials and business partners.

Hart in Akremi (2017) described perks as non-pecuniary advantages that are attractive to management but are of no interest to shareholders, such as fancy offices, private jets, easy life and so on. Perks, as private benefits, are distinguished from monetary benefits in that they are not transferable (or difficult to transfer).

2.1.2 Dividend and dividend policy

In general terms, dividend is that portion of a company's income that is distributed to its shareholders by the company. Authors and academics, however, have described the concept in a number of ways. For example, Okoro in Ezeabasili and Alajekwu (2018) described the dividend as the earnings distributed to shareholders. It is a pro-rata allocation of the post-tax benefits to the shareholders and is declared by the board of directors of the company. In addition, other authors advocated the distribution of dividends equally among shareholders (Zameer, 2013; Inyama, Okwo & Inyiam, 2015). In the view of Uwuigbe, Jafaru and Ajayi (2012), dividend is basically the benefit of shareholders in return for their risk and investment, which is determined by different factors in an organization. The decision between the payment of dividends and the preservation of earnings in developed countries has been taken seriously by both investors and management and is therefore the focus of extensive research by economists over the last four decades (Adelegan, 2011). The dividend policy includes the division of earnings between shareholders and reinvestment in the company, according to Rafique (2012).

2.1.3 Social Perk

Social perks are benefits in kind granted to the employees by the employers in other to enhance the employees' commitment and productivity. Gill, Biger and Tibrewala (2010) opined that social perks such as seasonal parties, seasonal gifts, foreign travel, cars, awards, dinner, and free personal mobile phones and so on are used to motivate staff towards better performance. Social perks according to Nuredin (2012) can create a good public view for a company as workers friendly firm to stakeholders. Social perks include perquisites such as entertainment, traveling, cars, awards and free personal mobile phones and so on (Rajan & Wulf, 2016).

Nuredin stated that social perks can also be a tax savings strategy as their cost is considered as cost of operations, thus, they are deducted before the computation and payment of tax. Dale-Olsen study pointed out some of the benefits of perks, social perks inclusive, as tax savings, cost savings, productivity, a reduction in disutility from work, and a reduction in employee turnover.

2.1.4. Health and safety perks

Humans are the most valuable asset of every company as they can make or mar a company's reputation and can adversely affect profitability. The workers are also responsible for the vast majority of the work to be performed, the management of other resources, the satisfaction of customers and the quality of goods and events. Employees will believe that their wellbeing is being ignored without due treatment, and this will result in a dysfunctional attitude towards their jobs and a consequential negative effect on companies' competitiveness, contributing to low results and weak dividend payments to shareholders. Although, the advantages of successful health and safety management have been well established, some organizations continue to strive to preserve or increase productivity and profitability at the cost of employee health and safety, especially those in developing countries such as Nigeria (Pollitt, 2011). The rate of employee turnover in a company can be minimized by health and safety benefits. If the employee turnover rate is low, productivity in such an organization is likely to be higher which will in turn lead to increased profitability and high dividend payment options.

2.1.5 Bonus payment and dividend payment.

This is an additional amount an executive access for meeting set targets. Despite considerable variation across firms and sectors, executive compensation programs can be classified into three fundamental components: performance metrics, performance expectations, and the pay-performance relationship framework (Farinha, 2012). Farinha also noted that no bonus is paid under the traditional plan before a threshold performance (usually expressed as a percentage of the performance standard) is reached, and a 'minimum bonus' is paid at the threshold performance usually expressed as a percentage of the goal bonus. For meeting the performance level, target bonuses are charged, and there is usually a "cap" on bonuses paid (again expressed as a percentage or multiple of the target bonus).

Virtually every for-profit company offers an annual bonus plan covering its top executives and paid annually based on a single-year's performance. In spite of their prevalence and importance, however, most descriptions of executive bonus plans in the literature are anecdotal, non-representative, or gleaned from voluntary (and non-random) disclosures in company proxy statements (Sani & Musa, 2017). The range between the threshold and the cap is called the "incentive zone," indicating the range of performance achievements where incremental performance progress leads to incremental bonus improvement (Yermack, 2015).

2.1.6 Loan Perks and Dividend Payment

Loans are special privileges given to workers to draw above their entitlement in order to meet their immediate need and to ensure their total commitment to the organization (Oyer in Yermack, 2015). They are given to employees who deserve and are in dire need of financial help. They are deducted from the basic salary or bonus or other allowances of the employee for a specified period of time. Such loans most often are deducted in such a way as not to have

financial impact on the employee. They include; car loan, property loan, school/ self-development loan, housing loan etc. According to Ale-Olsen in Farinha (2012) opined that loan perks are used to motivate staff to higher commitment and better performance; such perks help the firm build good image before the staff as workers' friendly firm.

Rajan and Wulf (2016) observed that perks are tax savings. This increases the operating cost and reduces the profit. Consequently, the shareholder's benefit in form of dividend payout is affected negatively. Despite the benefit associated with loan perks, most shareholder see it as free gift since no interest is attached to the loan. loan perks can be a tool for enhancing the commitment and performance of employee (Adithipyangkul, Alon & Zhang, 2009).

2.2 Theoretical Framework

2.2.1 Agency Theory

One of the theoretical principles underlining the relationship between the shareholder (principal and the director (agent) is the agency theory developed by Jensen and Meckling in 1976. This is a theory of the interaction between a principal and an agent of the principal (managers of the company). Investors have surplus funds to spend, but they use the services of managers because of limitations such as insufficient time and management skills. In order to achieve good returns, this fund invested in successful projects is operated by managers who are paid for their work. Agency issue however emerged due to the division of ownership from management and the disparity in interest between the owners and the manager they hired. The task of encouraging a party to function on behalf of another is referred to as the problem of the principal-agent." The problem of the principal-agent occurs when a principal compensates an agent for performing such actions that are beneficial to the principal and expensive to the agent, and when it is expensive to observe elements of the output. For all contracts that are written in a world of knowledge asymmetry, ambiguity, and risk, this is the case to some degree. Principals do not know anything here on whether a contract was fulfilled. The solution to this problem of intelligence, closely related to the problem of moral hazard, is to ensure that adequate rewards are given so that agents behave in the way that principals want.

Agency issue arises when there is a divergence of interest between the shareholder and the manager, as defined by Jensen and Meckling (1976). In certain situations, rather than the one set by the shareholders, the manager appears to follow various targets. Funds can be misused in the form of expensive cars, expensive holidays, travel allowances, vans, etc. There was an organization loss as a result of the interest of the opportunistic, self-interested administrators. This is the degree to which the residual claimants (the owners) fall below what they would be if the owners were to exert full control over the company.

2.2.2 Dividend Payout Theory

Dividend payout theory is one relating to the impact of dividends on organizations and individual investors. The theory was propounded by Gordon and Lintner (1959). The theory notes that a direct relationship exists between the dividend policy of a company and its market value. Investors react to receiving real returns on capital. Gordon and Lintner referred to this as the "Bird in hand theory" another name for dividend payout theory (Boyrie, 2011). Gordon and Lintner argued that today's dividends are superior to potential dividends, subject to

uncertainty. Higher certainty would cause investors to attribute to such payments a higher risk premium, thus increasing the capital cost of a business by reducing the valuation of the stock.

The fundamental teaching that investors find current dividends less risky than potential returns and will spend more, raising stock prices, is the central element of the dividend relevance theory. Gordon and Lintner (1959) assume that existing dividends are favoured by stockholders and that this produces a favorable dividend-market value relationship.

While it has been said that dividends affect market value significantly, most companies distribute dividends out of the wealth created within the period. It is expedient to examine whether Companies which makes use of executive perks pay out current dividends which is preferred by the shareholders as purported by Gordon and Lintner in their dividend payout theory of (1959).

2.3 Empirical Review

This section reviewed empirical studies that have some relationship with the present study as follows:

Tarus, Basweti and Nyaoga (2014) examined the relationship between executive compensation and financial performance of insurance companies in Kenya. By analyzing the relationship between executive compensation and financial results among the sampled insurance firms, the study adopted a causal comparative research design. The study population consisted of 46 licensed insurance companies in Kenya over a five-year period between 2006 and 2010. The study used secondary data obtained over the five-year period from 2006 to 2010 from the financial statements issued and filed with the Kenya Insurance Regulatory Authority. The data obtained for the thesis was analyzed using version 12 of the Social Sciences Statistical Package (SPSS). In particular, inferential statistical methods such as Pearson Product Moment Correlation Co-efficient and Variance Analysis (ANOVA) were used to evaluate the null hypotheses in order to assess the relationship between insurance companies' executive compensation and financial results. The results of the study showed that Kenya's insurance firms have no substantial connection between executive compensation and financial efficiency. The results of the study also showed that an improvement in the adequacy of resources and solvency has a positive effect on the compensation of managers, while an increase in incurred claims and expenditures has a negative impact on compensation.

Ohiaeri, Akinbowale and Ogumeru (2019) investigated the effect of dividend policy on the share prices of Nigerian quoted companies in Nigeria between 2009 and 2017 across 10 companies. The study adopted an ex-post facto research design and a multiple panel least square calculation. In the econometric model, the market share price (depending variable) decreased on dividend yield, earnings per share, dividends per share, profit after tax and retention rates. The findings of the study showed that there is a significant common relationship between dividend yields, earnings per share and dividends per share, profit after tax, retention rates and market share prices. The study therefore advises that; Nigerian companies should strive to maintain a regular and clear dividend policy so that prospective investors can know in advance whether or not the dividend policy of a business meets their own standards (client effect). The study also suggested that the government help boost the efficiency and availability of secondary data banks in order to make informed decisions on share prices and dividends in Nigeria.

Ilan and Tianyu (2018) studied the effects of executive perks on corporate performance of quoted companies in China. The analysis was driven by four research questions and two null hypotheses were checked at a 0.05 significance stage. A causal comparative design of research was adopted by the researchers. The research population consists of all the companies in the Chinese stock exchange that are quoted. As of 2016, the sample size was 3706 businesses listed on the Chinese stock exchange. The sample was selected via a stratified sampling process that divided the businesses into low- and high-cash-oriented compensation. Data for the analysis was gathered from the revenue statements of listed Chinese companies. The researchers gathered data for all the products disclosed in the footnotes for all public companies traded on the Chinese stock exchanges. PERKS, which is a proxy for leadership criteria, signifies the costs consumed by these executives. Using descriptive statistics such as frequency counts, mean ratings, medians and standard deviations, data related to the research questions was analyzed. The null hypotheses were tested using multiple regression analysis to assess the relationship between executives PERKS and firms' results. The study found that perks are positively correlated with current and future asset returns, supporting the view that certain types of perks could boost the profitability of the business and/or that perks are paid as a reward incentive. The results of the study also showed that incentives could incentivize managers, even after adjusting for firm fundamentals, such as firm size, growth opportunities and leverage. The study concluded that rewards include incentives to discourage managerial changes to promote work and increase efficiency.

Enekwe, Nweze and Agu (2015) investigated the effect of dividend payout on performance evaluation of quoted cement companies in Nigeria over period of 12 years period from 2003 to 2014. The study employed the analysis design of the Ex-Post Facto. Descriptive Statistics, Pearson Correlation and Simple Linear Regression (SLR) techniques were used to analyze the collected data. Dividend Payout Ratio (DPR); Return on Capital Employed (ROCE); Return on Assets (ROA) and Return on Equity are the variables used: (ROE). Return on Capital Employed (ROCE); Return on Assets (ROA) and Return on Equity (ROE) reflect performance appraisal as dependent variable, while dividend payout stands for independent variable as dividend payout ratio (DPR). The empirical findings of the researchers indicate that the dividend payout ratio (DPR) has a positive relationship with all the dependent variables (ROCE, ROA and ROE) used for this study; that the dividend payout ratio (DPR) has a statistically important Return on Capital Employed (ROCE) and Return on Asset (ROA) relationship, while DPR has a statistically negligible Return on Equity (ROE). It also revealed that the dividend payout ratio (DPR) has a statistical effect on the return on capital employed (ROCE) and return on assets (ROA) of Nigeria's quoted cement companies, whereas DPR has no statistical effect on the return on equity (ROE) of Nigeria's quoted cement companies.

Elide and Elda (2019) examined the relationship between the performance-based remuneration of executive directors and the financial performance of South African companies. Return on equity (ROE), return on assets (ROA), earnings per share (EPS), revenue figure/turnover (TO) and price per share were independent variables included in the study (PPS). The architecture of the analysis was quantitative and used a connection with Pearson and generalized regression of least squares. The research found that the remuneration policies in place within the consumer goods and services industry for South African executive directors appear to be influenced by the company's share price. The research concluded that the remuneration of the executive director may not have a substantive or important relationship with any of the conventional variables of business performance measurement.

3.1 Methodology

3.1.1 Research Design

The study adopted the ex post facto research design. An ex-post facto design that involves quantitative approach, the study used secondary data. The sample size of the study are 15 firms quoted in the Nigeria stock exchange who paid dividend for the period under review. The firms are: Total Plc, Vitafoam, Nestle Nig Plc, Dangote Cement, Presco Plc, Glaxosmithkline Consumer Nig Plc, Beta Glass, Cutix Plc, Zenith Bank, Unilever Of Nig Plc, Seplat Petroleum Dev Com, Guaranty Trust Bank, Okomu, Dangote Sugar, Nigeria Breweries.

The variables and their proxy were operationalized as follows. Below are the dependent and independent variables and their proxy.

Table 3.1 Variables and their measurement.

Variables	Measures/Proxy	Authority
Dividend payout	Dividend per share	Rajan & Wulf (2016)
Social Perks (SOPERKS)	Pension+ gratuity / total operating cost	Richard (2014) Ifurueze et al (2019)
Health and safety perks (HEPERKS)	Health and safety perks / total operating cost	Amess and Drake (2003)
Bonus/Commission (BONUS)	Bonus/Commission / total operating cost	Farinha (2012)
Staff Loan (LOANS)	Staff loan / total debtor	Rajan & Wulf (2016)

3.1.2 Model Specification

The model for the study is premised on the main objective and anchored on the sub-objectives. The model used was adopted from the work of Hope Ifeoma Orjinta and Emma I. Okoye (2019) and modified to suite the mediating variables used in this study. The model of Hope Ifeoma Orjinta and Emma I. Okoye (2019) is specified as follows: $ROA = f(SOCOST, BONUS, HECOST, LOANS)$. ROA = return on assets, SOCOST = Social Cost, HECOST = Health Care Cost, BONUS = Bonus/Commission LOANS = Staff Loan,

The model was modified to suit our objective as follow

$$DPS = f(SOPERKS, BONUS, HEPERKS, LOANS) \dots\dots\dots 1$$

This can be econometrically express as

$$DPS_{it} = d_0 + d_1SOPERKS_{it} + d_2BONUS_{it} + d_3HEPERKS_{it} + d_4LOANS_{it} + \mu_{it} \dots 2$$

Equation 1 is the linear regression model used in testing the null hypotheses.

Where:

$$DPS = \text{Dividend per share}$$

SOPERKS = Social Perks
 BONUS = Bonus/Commission
 HEPERKS = Health Care Perks
 LOANS = Staff Loan

d_0 = Constant; $d_1 \dots d_5$ = are the coefficient of the regression equation.

μ = Error term, i = is the cross section of firms used, t = is year (time series)

Decision Rule for hypotheses testing:

Accept H_0 and reject H_1 – when the probability value is above 10%

Accept H_1 and reject H_0 – when the probability value is less than 10%

Decision rule for Husmann effect test:

H_0 – random effect is more preferable than fixed effect

H_1 – fixed effect is more preferable to random effect

When chi-square probability value if less than 10 – rejects H_0 and accepts H_1

When chi-square probability value if greater than 10 – accepts H_0 and rejects H_1 .

4.1 Data Presentation, Analysis and Interpretations

4.1.1 Data Presentation

The details of the data used for the study is presented under in appendix 1. The data used has the time series and cross-sectional attributes. The study conducted some preliminary analysis such as descriptive statistics, correction analysis, and variance inflator analysis to ascertain the normality and check for the presence of multi-collinearity among the variables data used.

Data Analysis

4.1.2.1 Descriptive Statistics

The descriptive statistics result shows the mean (average) for each of the variables, their maximum values, minimum values, standard deviation and the Jarque-Bera (JB) statistics (normality test). Table 4.1 below, provides the summary of the descriptive statistics of the sampled quoted companies. The detailed result of the descriptive statistics is present in table 1 under the appendix. Table 4.1 provides the summary of the descriptive statistics of the data covering the period of five years (2015 – 2019).

DPS SOPERKS BONUS LOANS HEPERKS

Mean	4.896553	0.252341	0.143333	0.072223	0.058133
Median	2.000000	0.150000	0.130000	0.080000	0.060000
Maximum	25.00000	1.230000	0.280000	0.182000	0.190000
Minimum	0.000000	0.040000	0.020000	0.027000	0.000000
Std. Dev.	5.679921	0.144088	0.046202	0.028173	0.046874
Skewness	1.887918	3.862234	0.430278	0.324449	2.211521
Kurtosis	4.656601	21.00246	4.607881	5.212100	11.35355
Jarque-Bera	49.15660	2011.377	10.88853	20.46744	255.2141
Probability	0.000000	0.000000	0.004321	0.000036	0.000000
Sum	326.1229	17.20000	10.65900	8.464586	5.100985
Sum Sq. Dev.	2561.502	2.241873	0.157964	0.012387	0.162587
Observations	75	75	75	75	75

Source: Researcher's (2020)

The study observed from the descriptive statistics result that the selected firms on the average paid #4.90 as dividend, maximum dividend of #25 and minimum dividend value of 0.00. The result reveals that the firms used on the average paid dividend, though some paid high amount as dividend, other paid less/nothing. The social perks have a mean value of 0.25, maximum and minimum value of social perks were 1.23 and 0.04 respectively. This shows that firm spends 0.25 percent of the operating expenses on staff related perks. Bonus perks has a mean value of 0.14, maximum and minimum values 0.28 and 0.02 respectively. The large difference between the mean, maximum and minimum value shows that some firms spent much on staff bonus while others do not. Health/safety perks has a mean value of 0.06, (0.058) maximum value of 0.19 and minimum value of 0.00. The result shows that on the average, the firms spend more on bonus perks than on health and safety of their employees. While the minimum value shows that some of the firms do not spend on their staff health and safety issues, some spend little on it. The result for loan shows that the firms used have an average staff loan to debtor of 0.07 (7%), in some firms, it is as high as 0.18 while in some others it is as low as 0.03 (3%). Lastly, the normality test result using the Jarque – Bera (JB) shows that dividend payout, social perks, loan, health/safety perks and bonus are normally distributed at 1% level of significance.

4.2.2 Correlation analysis

The study used the correlation analysis to examine the relationship among the variables.

	DPS	SOPERKS	BONUS	LOANS	HEPERKS
DPS	1.000000				
SOPERKS	0.173434	1.000000			
BONUS	0.118779	0.154889	1.000000		
LOANS	-0.201187	0.214425	0.031178	1.000000	
HEPERKS	-0.125990	0.202331	0.233187	-0.065850	1.000000

Source: Researchers summary (2020)

The findings from the correlation analysis table, shows that dividend payout has a positive association with social perks (0.17), and bonus perks (0.12), while staff loan (-0.20) and health and safety perks (-0.13) have negative association with dividend payout. This negative

association reveals that the increase in perks can lead to lower dividend payout. While the positive association means increase in social and Bonus can lead to higher dividend. The increase in staff Bonus and Social benefit increase staff loyalty and enhances their performance which can positively drive the company performance. Social perks have positive association with health/safety perks (0.20), loan perks (0.21), and bonus perks (0.15). The positive relationship reveals that increase in social perks, can increase in bonus perks, health/safety perks, loan perks.

In checking for multi-colinearity the study noticed from the correlation analysis result that no two explanatory variables were perfectly correlated. This indicates the absence of multi-colinearity problem in the model used for the analysis and also justifies the use of the ordinary least square. This was confirmed by the result of the variance inflation factor (VIF). Below is the result of the VIF

Variance inflation factor test

Variable	VIF	1/VIF
DPS	1.01	0.87088
SOPERKS	1.10	0.90900
BONUS	1.03	0.97087
LOANS	1.00	0.99999
HEPERKS	1.01	0.99009
Mean VIF	1.11	

Source: Stata 13

The Variance inflation factor test result table above shows the mean value of 1.11, this value is less than 10 rejection benchmark. The mean value indicates the absence of multi-colinearity in our model. This result (Variance inflation factor test result) confirms the finding from the correlation analysis which shows the absence of multi-colinearity using 75% acceptance region in determining the level of association among the variables used.

4.3 Fixed and Random Effect Test

The study takes into cognizance the non-homogeneity nature of the data, hence the need for testing its effect on the data. Hausmann effect test to select between fixed and random effect that is best to be adopted in the study. Below is the summary of the Hausmann test result, details of the result are presented in appendix.

Correlated Random Effects - Hausman Test

Equation: Untitled

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	9.338650	6	0.0273

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
SOPERKS	0.189321	0.159231	0.009667	0.8665
BONUS	1.630126	-1.281965	0.456549	0.8000
LOANS	-6.332398	-6.760596	0.183816	0.3179
HEPERKS	-1.884633	-2.218645	0.042333	0.2671

Source: researcher summary of regression analysis result using E-view 8

The Hausmann test result shows a chi-square value of 9.33 and probability value 0.027, the probability value is less than 10 percent. Based on the result, the study accepts the fixed effect and reject the random effect. The study used the random effect to correct the problem of heterogeneity in the data used for the study. Table 4.4 below is the regression result adjusted for fixed effect.

Hypothesis Testing

The study used the multiple regression analysis.

Cross-section random effects test equation:

Dependent Variable: DPS

Method: Panel Least Squares

Date: 12/14/20 Time: 12:45

Sample: 2015 2019

Periods included: 5

Cross-sections included: 15

Total panel (balanced) observations: 75

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5.074549	1.086910	4.668784	0.0000
SOPERKS	-1.175759	0.261761	-4.491727	0.0004
BONUS	1.343807	0.266083	5.050330	0.0000
LOANS	-6.232397	6.123555	-1.017774	0.2482
HEPERKS	-2.879661	4.552301	-0.632573	0.3545

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.536420	Mean dependent var	4.244067
Adjusted R-squared	0.508374	S.D. dependent var	5.751030
S.E. of regression	1.529025	Akaike info criterion	3.901668
Sum squared resid	132.1233	Schwarz criterion	4.470065
Log likelihood	-143.5665	Hannan-Quinn criter.	4.136089
F-statistic	53.34343	Durbin-Watson stat	1.877591
Prob(F-statistic)	0.000000		

Source: Researchers summary of regression Analysis

In table 4.3 above, the study observed from the dividend payout model result the R-sq of 0.536 and R-sq (adj) 0.508, respectively. This value indicates that the perks variables jointly have about 50.8 percent impact on the dividend payout of firm used in the study. The F-statistics value of 53.34 and its probability value of 0.000 shows that the regression model is well specified and the specification is statistically significant at 1% levels. The Durbin Watson which reveals the presence of autocorrelation value of 1.88 (approximately 2) reveals that there is no presence of autocorrelation in our model.

4.2 Discussion of Findings

The findings of the study revealed that amongst all perk variables used in the study, only bonus has a positive significant effect on the dividend payout of companies in Nigeria Stock Exchange. This finding is in line with the finding from the study of Ezekiel Oluwagbemiga, George Kamau and Florence Memba (2016). The result according to the specific objectives is as follows:

The study finds that Social perks have significant effect on the dividend payout of firms in the Nigeria stock exchange.

The study also found that **Health/safety perks** have insignificant negative effect on dividend payout of firm. This implies that the higher the amount expended as social, health & safety perks, the lower the dividend payout. This contradicts the findings by Hope Ifeoma Orjinta & Emma I.Okoye (2020)

The study discovered that **Bonus perks** have positive significant effect on dividend payout policy. This shows that an increase in bonus can increase the level of dividend payout. The positive effect of Bonus perks is significant in driving a major change to the dividend payout of quoted companies in the Nigeria Stock Exchange.

The study also notes that **staff loan** has negative effect on dividend payout policy. This shows that a higher staff loan can lead to lower dividend payout in firms however the effect is insignificant. Staff loan has a negative insignificant effect on the dividend payout of firms in Nigeria Stock Exchange. This finding is in line with the finding by Hope Ifeoma Orjinta & Emma I.Okoye (2020) whose work focused on executive perks and performance of quoted consumer goods firm in Nigeria.

4.3 Recommendations

1. The study found that social perks have significant negative effect on dividend payout. It therefore recommends that management should discourage social perks. Instead, they should formulate a performance- based perk policy which will ensure that there is a balance between employees' motivation, perk related costs, performance, and dividend pay-out.
2. Health/safety perks have an insignificant negative effect on dividend payout. The study therefore advises that the internal control unit of companies should include monitoring of the implementation of performance-based Perk policy in their audit plan to ensure compliance to the provisions of the policy thereby enforcing the reduction of health/safety perks and its negative impact on dividend payout.
3. The study found that bonus perks have significant positive effect on dividend payout and therefore suggests that while paying out bonus and retaining the company's annual earnings for a performing year, the management should convince the board with proper analysis on the need to pay-out a proportion of the earnings as dividend to shareholders because it is a key performance indicator to both prospective and current investors.
4. Loan perks have negative insignificant effect on dividend payout, it therefore recommends that management should reduce their loan perks. They can set-up employee's co-operative society which will aim at savings, investment and advancing of loan to employees. Management can also discuss "employee loan package" with financial institutions, this will enable employees access loan at low interest rate.

4.4 Contribution to knowledge

Most research on perks concentrated on the relationship between perks and performance but this research work looked at perk and dividend payout thereby improving prior studies on the effect of perks among quoted companies in Nigeria. The result shows that while social, health/safety & loan perks negatively affect dividend payout policy, bonus perks impact positively on the dividend payout of quoted companies in Nigeria. Furthermore, this study was able to supply a clear view of the effects of perks from a different sample perspective of Quoted Companies while utilizing most recent and relevant annual report data set of year 2015 to 2019.

DPS = -1.18SOPERKS, - 2.88HEPERKS, +1.34BONUS, -6.23LOANS

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